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High-level international intergovernmental consideration of financing for development

Letter dated 16 April 2002 from the Permanent Representative of Mexico to the United Nations addressed to the Secretary-General

I refer to the Retreat for Heads of State or Government which, under the auspices of the President of Mexico, Mr. Vicente Fox, was held on Friday, 22 March 2002 in Monterrey, Mexico, within the context of the International Conference on Financing for Development.

In this connection, I should be grateful if the text of the press conference which the President of Mexico conducted at the end of this Retreat, annexed hereto, could be issued as a General Assembly document, under agenda item 107 entitled "High-level international intergovernmental consideration of financing for development".

(*Signed*) Adolfo **Aguilar Zinser**
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Text of the press conference which the President of Mexico, Mr. Vicente Fox, conducted at the end of the Retreat for Heads of State or Government held on Friday, 22 March 2002 in Monterrey, Mexico, within the context of the International Conference on Financing for Development

Evaluation of the Retreat for Heads of State or Government

Today we, 40 Heads of State or Government, along with the Secretary-General of the United Nations and the President of the European Commission, met to consider in a frank and informal manner the content of a new integral agenda for development. At the end of this meeting, we had a working lunch with the heads of the Bretton Woods institutions.

This meeting helped to promote the spirit of Monterrey, and marks the beginning of a new common approach to fostering growth, development and equity, both between nations and within them.

As the host of the Retreat, I undertook to prepare this general summary of the main ideas which were discussed, for the sole purpose of giving the news media a broad view of the exchanges which took place. The Heads of State or Government took a positive view of the Retreat and considered it to have been a useful exercise to facilitate communication among them and take up in greater depth some topics which the Conference had only been able to consider in more general terms.

We discussed the following two general areas:

I. The New Integral Agenda for Development

- First, we analysed how the changes in the world require a new agenda for development, differing from the agenda which has been in force for half a century. For this reason, institutions and mechanisms must be updated. Partial approaches are no longer sufficient; an integral and broad vision is needed in order to support sustained development. We identified the need to define a new integral agenda for development, based on shared responsibility. It was stressed that global instruments are needed to achieve global objectives.

- Some participants pointed out that although globalization is not a panacea and embodies contradictions, it is the development modality which at present offers the greatest potential for promoting global well-being. Even so, it was recognized that within the framework of globalization, the local characteristics of the problems of each country must be taken into account in order to be able to adopt appropriate measures.

- As a corollary to globalization, some participants emphasized the shared responsibility inherent in interdependence and stressed that partnership gives rise to consequences, namely: the need to accept that there is equality within diversity, to respect differences, and to avoid the loss of identity.

- There was consensus on the need for greater opening of markets and increased private capital flows. However, many of my colleagues indicated that it was not sufficient to eliminate trade barriers, and that what was required was the integral promotion of development, since that was the only way for the less developed countries, while improving their living standards and income levels, to become better partners, creating virtuous circles for global development. We therefore discussed the importance of adopting innovative schemes to take advantage of private capital flows and the need to lessen their cyclical nature.

- At the same time, many of my colleagues stressed that the less developed countries will have to improve their government and corporate institutions and practices and adopt solid economic policies in order to create a favourable climate for the promotion of investment. In this respect, it was emphasized that no country which creates adequate conditions is deprived of financing for development. Some participants also recommended that civil society should participate in monitoring international cooperation and official assistance in order to ensure their optimal utilization.

- The importance of migration and labour mobility in global economic growth was stressed, as well as the central role played in many economies by remittances of financial transfers from migrants.

- Several Heads of State or Government recognized that although the decisions of some industrialized countries to promote the allocation of more resources to assist the less developed countries are important, much more needs to be done. In this context, it is not only bilateral aid that is important, but also the need for multilateral bodies to allocate a proportion of grants, not loans, to the less developed countries.

- It was stressed that in order to guarantee global peace and security, financial stability, universal health, preservation of the environment and the dissemination of scientific knowledge, the necessary resources must be obtained to make these benefits accessible to the populations of all countries. It was suggested that part of the resources for this purpose could be obtained from the sustainable use of the Earth's resources which belong to all mankind, through existing trusts in the international financial bodies. Several of my colleagues stressed that these ideas should undergo analysis by expert groups.

- Lastly, several participants referred to the topic of terrorism and its potential links with poverty. It was strongly reaffirmed that nothing justifies terrorism and that terrorism must be countered in an unconditional and direct manner. It is necessary to persevere both in overcoming poverty, and in combating terrorism, violence and transnational organized crime, without considering them as related phenomena.

II. The role of multilateral bodies and institutions

- We discussed the role which the multilateral bodies will need to play in the formulation and promotion of a new kind of development in global society. It was recognized that these institutions should continue to play a fundamental role in correcting the deep-seated imbalances among economies at different stages of development, to which end it is desirable that there should be greater

participation of the developing countries in the decision-making of these institutions.

- Many of my colleagues stressed that adequate financing for a new concept of development requires new instruments to support those economies that have adopted solid economic policies but still lack access to capital markets. Also, instruments are needed to facilitate a more efficient and equitable distribution of global macroeconomic risk, and to finance the global commons. To this end, and in support of development, it was suggested that allocations of special drawing rights could constitute an adequate instrument.

- The issue of harmonizing development and the environment was taken up, and the importance of the forthcoming international summit meeting on the topic to be held in Johannesburg towards the end of this year was endorsed. In this respect, the idea of establishing a global environmental organization was suggested. There was discussion of creating a bridge between Monterrey and Johannesburg, between sustainable development and its financing.

Lastly, and although we did not all agree on the same points, we agreed on the need to make periodic assessments of progress in the directions mentioned.

I believe that the Retreat of Heads of State or Government was an unprecedented event in international conferences because of the large number of participants from all regions of the world and representatives of a great diversity of nations. The spirit of Monterrey represents a change in the direction of the debate. It is a turning point in the integral agenda for development.

Today's Retreat has a crucial virtue. We discussed a broad range of topics; some of them are a matter of broad consensus; others are barely emerging in forums like the one that is ending here in Monterrey today. However, the debate that we, Heads of State or Government, held today, leads me to predict that many of these topics will move from contention to the agenda, and from the agenda to consensus. That is the virtue of the work which we have carried out over these days.

I am confident that the discussions in this Retreat will help spread and promote the spirit of Monterrey and, as Secretary-General Kofi Annan pointed out, move from agreement to action.